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PRESS RELEASE NO. 1

2011-2012 BUDGET

Looking to the Future: A Plan for Québec

Québec, March 17, 2011 – “To control its choices and destiny, a people must control its public finances. That is my responsibility towards present and future Quebecers,” the Minister of Finance, Raymond Bachand, said today in tabling the Québec government’s 2011-2012 Budget.

Economic growth continues to advance

The Minister said that the Québec economy continues to expand. Despite the severity of the 2009 global recession, economic activity in Québec contracted less than in other advanced economies. It recovered quickly and grew at a steady pace, resulting in 3.0% growth in real GDP in 2010.

After a bigger rebound than expected in 2010, growth in Québec’s real GDP should fall closer to the historical rate, at 2.0% in 2011 and 2.2% in 2012. For the years 2010 to 2012, the average economic growth rate is equivalent to that forecast in the 2010-2011 Budget.

On the path to a balanced budget

“Last year, we charted a strict course toward reducing the deficit each year in order to restore fiscal balance in 2013-2014, while preserving the integrity, quality and solidarity of our public services. Last year’s scenario forecast a deficit of \$4.5 billion for 2010-2011. The deficit for 2010-2011 will be \$4.2 billion, \$300 million less than forecast.”

“We are going to stay the course,” the Minister added. “We are forecasting today a deficit of \$3.8 billion in 2011-2012 and \$1.5 billion in 2012-2013. The Québec government’s budget will be balanced as planned in 2013-2014.”

“I am more than ever convinced that this objective is a sound one. Our strategy is underpinned by the solid performance of our economy, which was not as hard hit by the recession as that of our neighbours. Rigorous management, our trademark, is more necessary than ever, given our debt level and population aging.”

At 1.3% of GDP in 2010-2011, Québec’s budget deficit compares favourably with that of our neighbours. Ontario’s deficit forecast is 3.1% of GDP and the federal

government's, 2.8% of Canadian GDP. "Our government's tight management is paying off," Mr. Bachand said.

A year ago, the government undertook to assume 62% of the total effort required to restore fiscal balance—a contribution of \$6.9 billion over four years. The most recent data confirm that it will deliver on that commitment.

For 2010-2011, the spending efforts achieved by the government and its public bodies, when combined with the measures to combat tax evasion, will total almost \$1.4 billion. "That is in line with our forecast from last year. Thus, Québec continues to rank among the governments doing the best job of controlling their spending," the Minister observed.

"My colleague, the Chair of the Conseil du trésor, confirms today that the government's spending reduction targets for the year drawing to a close have been met."

Creating future wealth for all Quebecers

"With the plan to restore fiscal balance, the 2011-2012 Budget allows us to retain control over our choices," the Minister said.

The government is looking to the future and:

- developing the territory of Québec and taking advantage of its resources by setting up a financial framework for deploying the Northern Plan and optimizing the return on natural resources;
- investing in the potential of Quebecers with the aim of making Québec one of the most educated societies in the world, in particular by introducing a Québec university funding plan;
- banking on the participation of everyone by encouraging experienced workers to remain in the labour market;
- ensuring that all Quebecers have an adequate level of retirement income;
- seizing opportunities by developing and diversifying export markets and by encouraging entrepreneurship and succession;
- consolidating its solidarity tools by supporting families and seniors, continuing the fight against poverty and choosing sustainable development;
- seeking fairness for taxpayers, investors and the provinces;
- celebrating Québec culture so it can take its place on the world stage and in the digital world.

"Despite the budgetary constraints imposed in the short term by the return to budgetary balance, this budget contains measures that will increase Quebecers' ability to seize, here and elsewhere, the opportunities offered to them," Minister Bachand concluded.

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2011-2012 BUDGET PRESS RELEASE No. 2

2011-2012 BUDGET

A Plan for Public Finances

Québec, March 17, 2011 – “Budgetary leeway provides us with the necessary leeway to remain masters of our choices and give ourselves the development tools we need. We are going to stay the course,” the Minister of Finance, Raymond Bachand, said in tabling the 2011-2012 Budget.

No change in deficits over five years

Regarding public finances, the government is announcing that the results for 2009-2010 and 2010-2011 are better than forecast, with the deficits being revised downward.

The 2011-2012 Budget shows improvements:

- of \$1 083 million for 2009-2010, with a deficit of \$3.2 billion;
- of \$306 million for 2010-2011, with a forecast deficit of \$4.2 billion.

In addition, as stipulated in the *Balanced Budget Act*, the government is setting definitive targets for decreasing deficits in this budget that it must achieve over the next two years.

Accordingly, after having hit \$4.2 billion in 2010-2011, the deficit will be reduced gradually to \$3.8 billion in 2011-2012 and \$1.5 billion in 2012-2013. The budget is still forecast to be balanced in 2013-2014.

To deal with unforeseen events, the deficits incorporate contingency reserves of \$300 million in both 2010-2011 and 2011-2012, as well as \$200 million in 2012-2013, for a total of \$800 million over three years.

Overall, the total forecast budget deficit for the years 2009-2010 to 2013-2014, i.e. over five years, amounts to \$12.7 billion, \$189 million less than forecast last year.

The deficit will be eliminated in 2013-2014 because the measures of the Plan to return to budget balance, especially regarding spending control, have been implemented.

In last year's budget, 90% of the efforts needed to return to balanced budgets had been identified. Considering all of the financial revisions since the budget, the remaining measures to be identified in 2013-2014 have declined slightly, from \$1 051 million in March 2010 to \$1 025 million.

"Last year, we charted a strict course that must reduce the deficit each year in order to restore fiscal balance in 2013-2014, while preserving the integrity, quality and solidarity of our public services," the Minister of Finance indicated.

Change in revenue and expenditure

The government's budgetary expenditure, which includes program spending and debt service, is expected to reach \$69.1 billion in 2011-2012.

Program spending is forecast to rise by 2.4% in 2011-2012. Consequently, considering the amounts paid into the new funds the government has created to finance certain activities, the spending growth rate will be 3.7% in 2011-2012 compared with the forecast of 2.8% in last year's budget.

The new funds are the Land Transportation Network Fund (FORT), the Tax Administration Fund (FRAF) and the Fund to Finance Health and Social Services Institutions (FINESSS).

Budgetary revenue is expected to total \$65.4 billion in 2011-2012, i.e. \$50.3 billion from own-source revenue and \$15 billion from federal transfers. It is forecast to rise by 4.8% in 2011-2012 and 5.7% in 2012-2013.

Debt management

In tabling the budget, Minister Bachand noted that the government has set two debt-reduction objectives for the next 15 years. For fiscal year 2025-2026, the debt representing accumulated deficits cannot exceed 17% of GDP. As for the gross debt, it cannot exceed 45% of GDP.

"Efforts continue to reduce the debt burden. The 2011-2012 Budget stipulates additional actions to achieve the debt-reduction objectives by 2025-2026. Once the budget is balanced, we will make annual payments of 25% of all mining, natural gas and oil royalties in excess of \$200 million into the Generations Fund as of 2014-2015," the Minister pointed out.

Furthermore, to reduce the debt as a percentage of GDP, the budget stipulates that investments in infrastructure will be gradually reduced at a speed that will maintain their quality. Despite this reduction, annual investment as a percentage of GDP will remain above its pre-recession level.

Countering tax evasion

The Minister also dealt with the issue of tax evasion. "The government has made the fight against tax evasion one of the main planks of its plan to return to fiscal balance. The ambitious objective of recovering \$320 million in 2010-2011 will be achieved. I am therefore announcing that the annual tax recovery targets will be raised by

\$150 million this year and by \$200 million subsequently, bringing the overall objective to \$1.4 billion in 2013-2014," he said.

The Minister indicated that to achieve these objectives, existing measures would be intensified and operations would be undertaken in new sectors.

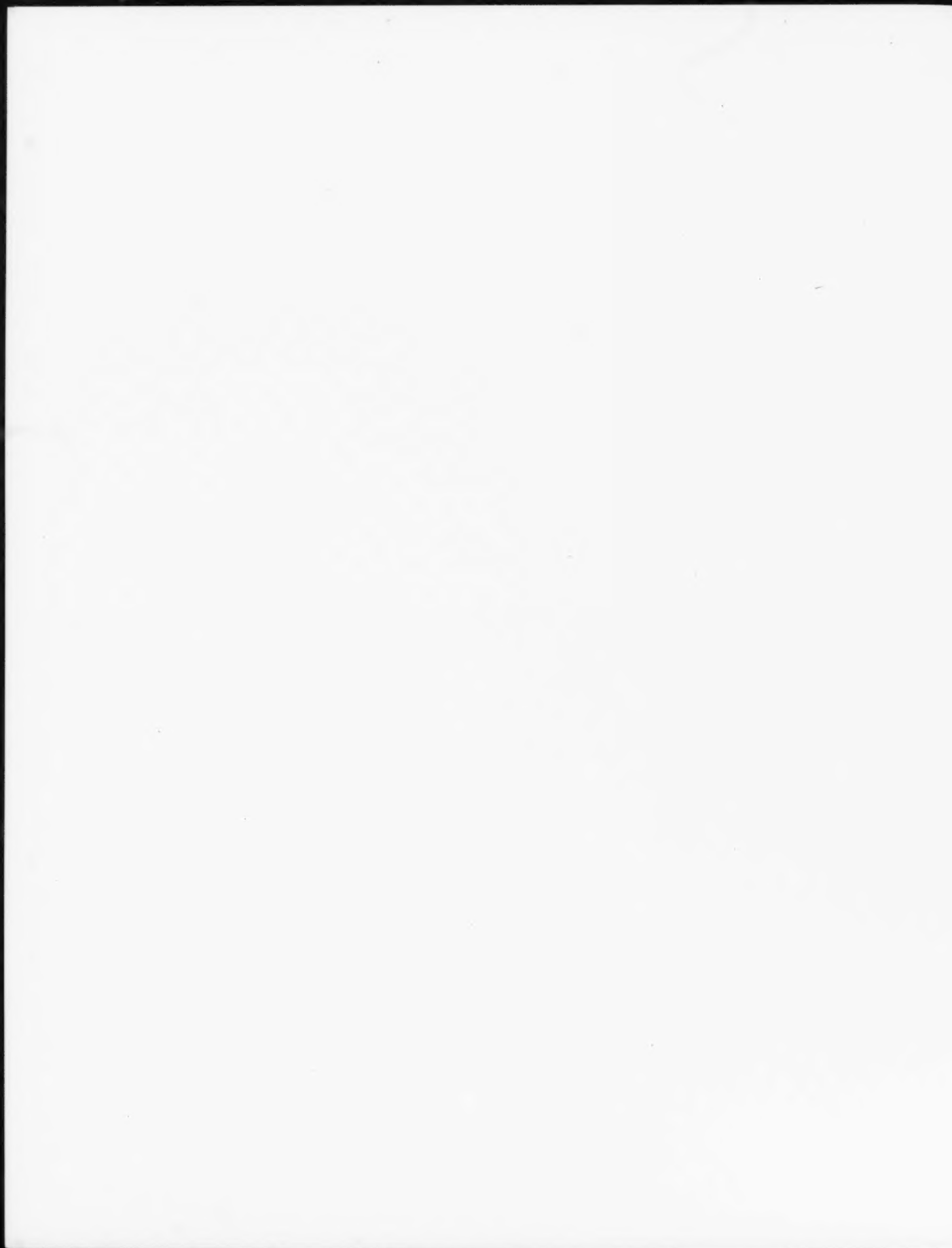
Issues with the federal government

"Twenty years ago, Québec decided to join the federal government in reforming sales taxes in Canada. Québec set the example. And yet, it is currently receiving the same treatment from the federal government as those provinces that, 20 years later, have still done nothing to harmonize their sales tax with the GST. This situation is unfair and must be rectified. Our government will continue to defend the interests of Quebecers in those discussions," the Minister of Finance concluded.

The paper *Update on Federal Transfers* accompanies the budget documents.

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2011-2012 BUDGET
PRESS RELEASE No. 32011-2012 BUDGET**A Plan to Control Government Spending**

Québec, March 17, 2011 – “Public spending needs will always exceed the available revenue necessary to meet them. Nevertheless, the government will meet its budget deficit reduction targets by slowing the growth of its spending,” declared Minister of Finance Raymond Bachand today in tabling the 2011-2012 Budget.

Efforts on the part of all government departments

Program spending will climb from \$59.8 billion in 2010-2011 to \$61.3 billion in 2011-2012, an increase of \$1 465 million, or 2.4%.

All government departments will have to take part in the collective effort to restore fiscal balance. More specifically, to meet the spending reduction target in 2011-2012:

- program spending by the Ministère de la Santé et des Services sociaux will rise by 3.6%;
- spending allocated to the Ministère de l'Éducation, du Loisir et du Sport will increase by 2.2%;
- that of the Ministère de la Famille et des Aînés will be raised by 6.1%;
- spending by all other departments will drop by 0.2%.

Growth in program spending in 2011-2012¹

(millions of dollars)

	2010-2011	2011-2012	Change	
			\$ million	%
Santé et Services sociaux	28 116	29 141	1 025	3.6
Éducation, Loisir et Sport	15 213	15 541	328	2.2
Famille et Aînés	2 250	2 387	137	6.1
Other departments	14 240	14 215	- 25	- 0.2
TOTAL	59 819	61 284	1 465	2.4

¹ Excluding the expenditures of the Fund to Finance Health and Social Services Institutions, the Land Transportation Network Fund and the Tax Administration Fund.

Source: Secrétariat du Conseil du trésor.

Change in program spending since the 2010-2011 Budget

These expenditures do not include those of the new funds created by the government to better manage certain activities.

The expenditures:

- of the Fund to Finance Health and Social Services Institutions (FINESSS), which are financed by the health contribution introduced in last year's budget, will reach \$575 million in 2011-2012 and help bring health spending growth to 5%;
- of the Land Transportation Network Fund (FORT) for roads and public transit, which are financed by the fuel tax, registration fees and driver's licence fees, will reach \$2 392 million in 2011-2012.
- Of the Tax Administration Fund (FRAF) for the operation of the new Agence du revenu du Québec, which are financed out of tax revenues, will reach \$723 million in 2011-2012.

As planned when the funds were created, the expenditures of FORT and FRAF will henceforth be subtracted from the government's program spending and accounted for under the special funds, as in the case of FINESSS. In addition, the Act respecting the Agence du revenu du Québec stipulates that from now on the allowance for doubtful accounts will be applied against budgetary revenue, whereas previously it was recorded under program spending.

As shown in the following table, when the expenditures of these three new funds and the expenditure for doubtful accounts are taken into account in program spending, such spending amounts to \$65.8 billion for 2011-2012, on a basis comparable to that of the 2010-2011 Budget.

On this comparable basis, the spending forecast in the 2011-2012 Budget is up by:

- 3.7% in 2010-2011 compared with the forecast of 2.8% in last year's budget;
- 3.1% in 2011-2012 compared with the forecast of 3.2% in last year's budget.

Change in program spending since the 2010-2011 Budget (millions of dollars)

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Program spending in the 2010-2011 Budget	- 60 769	- 62 561	- 63 907	- 65 282	- 66 686
% change	3.8	2.9	2.2	2.2	2.2
FINESSS expenditures	—	- 180	- 575	- 995	- 1 445
Program spending in the 2010-2011 Budget – Increased by FINESSS expenditures	- 60 769	- 62 741	- 64 482	- 66 277	- 68 131
% change	3.8	3.2	2.8	2.8	2.8
Adjustments					
Actuarial valuations of retirement plans	—	- 356	- 357	- 358	- 360
Increase in the allowance for doubtful accounts	- 402	- 402	- 352	- 352	- 352
Costs related to pay equity	—	—	- 217	- 217	- 217
Agreement with child-care-service providers	—	—	- 137	- 143	- 143
Other adjustments	- 408	—	- 279	- 155	- 378
Total adjustments	- 810	- 758	- 1 342	- 1 225	- 1 450
Program spending in the 2011-2012 Budget – Increased by FINESSS expenditures – Basis comparable to that of the 2010-2011 Budget	- 61 579	- 63 499	- 65 824	- 67 502	- 69 581
% change	5.2	3.1	3.7	2.5	3.1
Impact of FORT ¹ and FRAF ²	2 290	2 600	3 115	3 544	3 961
Impact of FINESSS ³	—	180	575	995	1 445
Reclassification of the allowance for doubtful accounts against revenue	900	900	850	850	850
Program spending in the 2011-2012 Budget	- 58 389	- 59 819	- 61 284	- 62 113	- 63 325
% change	5.3	2.4	2.4	1.4	2.0

1 Land Transportation Network Fund.

2 Tax Administration Fund.

3 Fund to Finance Health and Social Services Institutions.

Adjustment to spending in 2010-2011 and 2011-2012

On a basis comparable with that of the 2010-2011 Budget, spending in 2011-2012 is \$758 million higher in 2010-2011 and \$1 342 million higher in 2011-2012. These adjustments can be explained by the following factors.

- For 2010-2011, this increase stems from:
 - the impact of the new actuarial valuations of public sector employee retirement plans, announced last fall in the *Update on Québec's Economic and Financial Situation*;
 - the increase in the cost of the allowance for doubtful accounts.
- As of 2011-2012, other factors must also be taken into account, particularly:
 - the additional costs related to pay equity for public sector employees;
 - the cost of the agreement with home child-care-service providers;
 - the impact of the measures announced in the 2011-2012 Budget.

These spending overruns, which are not due to a lack of spending control by government departments and organizations, have nonetheless been offset by the additional revenue generated by the solid performance of the economy in 2010.

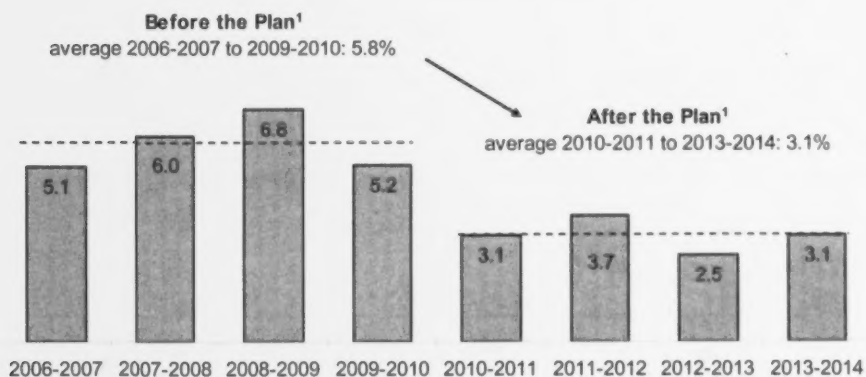
Growth in government spending is slowing down

Despite these adjustments, the government has managed to ease the growth of its spending through its actions.

In the 2010-2011 Budget, program spending including expenditures financed by the health contribution deposited in the Fund to Finance Health and Social Services Institutions (FINESSS) stood at \$62.7 billion in 2010-2011, an increase of 3.2%, and was forecast to grow at an annual rate of 2.8% between 2011-2012 and 2013-2014, for an average annual growth rate of 2.9% from 2010-2011 to 2013-2014.

For the period from 2010-2011 to 2013-2014, the average annual growth in program spending in the 2011-2012 Budget, increased by the expenditures of the new funds and presented on a basis comparable to that of the 2010-2011 Budget, is now 3.1%, compared with the 2.9% annual growth forecast in last year's budget. This is a slowdown from the growth rate of 5.8% observed between 2006-2007 and 2009-2010.¹

Change in program spending growth according to the presentation used in the 2010-2011 Budget (per cent)



1 Plan to restore fiscal balance.

¹ For the period 2003-2004 to 2009-2010, program spending grew at an average annual rate of 5.0%.

Continuation of the government effort: a commitment upheld in 2010-2011

The slowdown in spending growth from 5.2% in 2009-2010 to 3.1% in 2010-2011 is due to the fulfilment of a commitment made by the government in last year's budget speech.

In the 2010-2011 Budget, the government undertook to assume \$6.9 billion, or 62%, of the \$11.2 billion in measures already identified in the plan to restore fiscal balance by 2013-2014.

Over the past year, all of the spending measures needed to deliver on that commitment were identified and announced. In addition, the \$1.4 billion objective set for 2010-2011 will be achieved.

For the year currently ending, the government had to make an effort of \$1 372 million and assume its share of the plan to restore fiscal balance, broken down as follows:

- \$972 million from spending control by departments and organizations;
- \$80 million from spending efforts and the increased productivity of public bodies;
- \$320 million from the fight against tax evasion and tax avoidance.

The government confirms that it has not only met its \$1 372-million objective, but has surpassed it by \$432 million compared to the figure announced. These additional efforts offset other adjustments to the government's financial framework. Moreover, this result made it possible to cover the additional costs of \$405 million related, in particular, to pay equity and the agreement with home child-care-service providers.

Government effort in 2010-2011

(millions of dollars)

	2010-2011			2013-2014 objective
	Planned	Achieved ¹	Difference	
Departments and organizations	1 152	1 557	405	6 649
Additional funding for health and social services institutions	- 180	- 180	—	- 1 445
Subtotal	972	1 377		5 204
Public bodies	80	107	27	530
Fight against tax evasion and tax avoidance	320	320	—	1 200
TOTAL	1 372	1 804	432	6 934

1 The following pages discuss the results of the government efforts in detail.

Rigorous management of spending in 2010-2011

Departments and organizations made a total effort of \$1 377 million in 2010-2011, or \$405 million more than the target. This was achieved primarily through:

- parameters limiting wage and salary growth, including a freeze of total payroll (\$530 million);
- a 10% reduction in administrative operating expenditures (\$78 million);
- the limiting of budget growth to 2.4% (\$759 million).

The budget documents present a more-detailed report on the results of the measures taken by the government to achieve its objectives.

Spending efforts required of government departments and organizations

(millions of dollars)

	2010-2011	2013-2014
	Achieved	Objective
IDENTIFIED SPENDING MEASURES		
1. Reduction in public administration costs		
Parameters to limit wage and salary growth, including a freeze of total payroll	530	1 639
10% reduction in administrative operating expenditures	78	322
Control over computer projects	—	200
Other measures	6	391
Subtotal – Reduction of public administration costs	614	2 552
2. Review of program parameters		
Business assistance	—	298
Reimbursed price of generic drugs	—	190
Consolidation of programs under a "one-stop" approach ¹	—	60
Other measures	4	444
Subtotal – Review of program parameters	4	992
3. Budget discipline		
Budget growth limited to 2.4% in 2010-2011 and a reduction in the funding envelope allocated to new programs as of 2011-2012	759	1 660
Subtotal – Budget discipline	759	1 660
TOTAL IDENTIFIED MEASURES	1 377	5 204

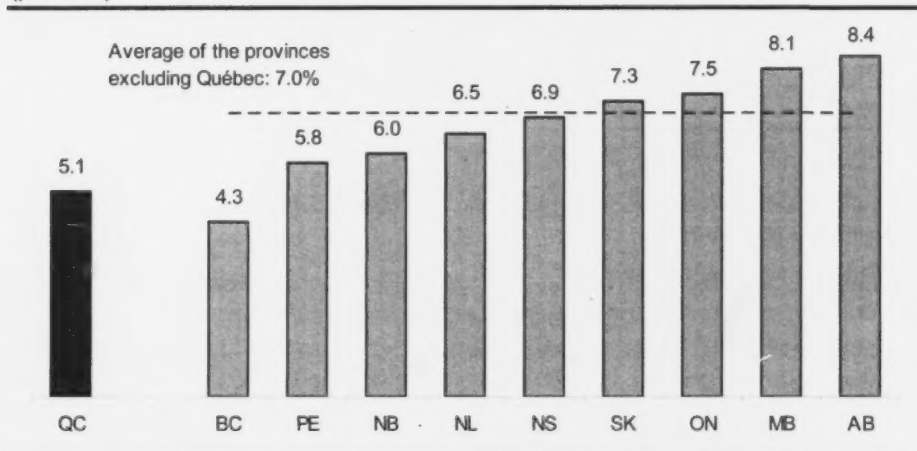
¹ In the following sectors: municipal, regional agencies, education, employment integration and French-language instruction for immigrants, and support for events.

Better control over consolidated expenditure

Québec and British Columbia are the two provinces that have best controlled their consolidated expenditure since 2003-2004. Consolidated expenditure includes not only program spending but also spending by special funds, non-budget-funded bodies and the health and social services and education networks.

Consolidated expenditure, which excludes debt service, rose an average of 5.1% per year in Québec from 2003-2004 to 2010-2011, compared with annual average growth of 7.0% in the other provinces over the same period.

Consolidated expenditure of the provinces excluding debt service ^{1,2} Average annual growth between 2003-2004 and 2010-2011 (per cent)



1 Most recent official document concerning the jurisdictions, dated March 10, 2011.

2 For Québec, debt service is the debt service of the consolidated revenue fund.

Sources: Provincial finance departments and Department of Finance Canada.

"A year ago, the government undertook to assume 62% of the effort required to restore fiscal balance. The most recent data confirm that we will deliver on that commitment for 2010-2011. We will continue on this path until 2013-2014. Québec has managed to reduce the growth in its spending in order to restore fiscal balance. It continues to rank among the governments doing the best job of controlling their spending," the Minister of Finance concluded.

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2011-2012 BUDGET
PRESS RELEASE No. 4

2011-2012 BUDGET

**A Plan to Develop Our Territory
and Our Natural Resources**

Québec, March 17, 2011 – “This budget contains measures conducive to optimizing the benefits we can derive from our abundant natural resources,” the Minister of Finance, Raymond Bachand, said in tabling the 2011-2012 Budget.

A financial framework for deploying the Northern Plan

“The Northern Plan is a valuable project for present and future generations. Seizing the substantial development opportunities afforded by the Plan will benefit the inhabitants of the territory concerned as well as Quebecers as a whole. The local communities, in particular the Aboriginal communities, will be closely involved in its deployment,” the Minister affirmed.

Projects under the Northern Plan represent considerable investments. The government's financial framework for the next five fiscal years provides for infrastructure investments and community measures totalling \$1.6 billion.

The Minister announced the creation of the Fonds du Plan Nord for the purpose of funding this vast project. The fund will obtain most of its funding from a portion of the tax revenues from the development activities carried out in the territory covered by the Northern Plan.

Investing directly in the development of northern resources

“The resources in our northern regions belong to all Quebecers. Developing them will generate substantial revenues for society in the form of taxes and mining royalties. But we are going further. Quebecers will benefit much more from the development of their resources if they invest directly in that development,” the Minister noted. To that end, over the next five years the Québec government is prepared to invest up to \$500 million in equity interests in private projects promising a developmental effect in the territory covered by the Northern Plan.

“The territory is rich. Rich in gold, copper, iron, nickel and diamond deposits, rare earths, and other minerals in high demand; rich in renewable hydro and wind power; rich in wild beauty and biodiversity, which constitute a major tourist attraction,” the Minister indicated.

He said that resource development will be controlled in order to preserve the beauty and potential of the territory for future generations; 50% of the Northern Plan territory will thus be withdrawn from industrial development.

The Northern Plan will both facilitate and supervise private investments on the territory by making the territory accessible, with the financial contribution of developers. Major land, marine and air transportation infrastructure projects will open up the territory to facilitate tourism development as well as mining or energy development. The extension of Route 167 north of Mistissini to the diamond deposits in the Otish Mountains, for example, will make this region accessible to the development of mining and tourism. That work will begin this year.

"My colleague, the Deputy Premier, Minister of Natural Resources and Wildlife and Minister responsible for the Northern Plan, will have the pleasure of revealing the details of the Northern Plan soon," the Minister said.

Gaining from a new mining royalties system

In the last budget, the government initiated a reform of the mining royalties system and substantially increased the contributions of companies in this sector. "Taking into account only mining royalties, Québec now demands contributions 28% higher than the Canadian average. Whereas we forecast roughly \$540 million in royalties for the next five years, we estimate today that active mining companies in Québec will pay us over \$1.4 billion for the same period," the Minister noted.

Fair royalties for shale gas

"This year, our action is focused on shale gas," the Minister announced. "It is now reasonable to believe that Québec's subsoil holds substantial shale gas potential. As stated by the Premier in his inaugural address on February 23, this development will be carried out correctly or not at all."

"If the gas potential can be developed economically, and respectfully in regard to the environment and the public, Quebecers will benefit from their fair share of this resource," the Minister added. "Currently, the royalty rate paid by gas companies varies from 10% to 12.5% of a well's value. The strategic environmental assessment will be followed by the implementation of a completely revised royalty system for the shale gas industry and a new rate schedule implemented."

Under the new system, the royalty rate will vary with the productivity of the well and the price of the resource, and could reach 35%. The royalties paid in Québec compare favourably with those paid in other jurisdictions, such as British Columbia.

The BAPE report released on March 8 recommends that gas companies be assisted in conducting strategic environmental studies before embarking on the production phase. "My colleague, the Minister of Sustainable Development, Environment and Parks, recently announced the creation of a strategic environmental assessment committee. We must ensure that development will be carried out according to best

practices," Minister Bachand said. A budget of \$7 million will be allocated for conducting the announced strategic environmental assessment.

In addition, the government will be investing \$6 million in three years to step up the inspection of shale gas facilities and wells and ensure that gas companies protect the environment right from the exploration stage.

Lastly, compensation of \$100 000 per well in production will be paid to the municipalities concerned over a period of 10 years. A new legal and regulatory framework will facilitate the conclusion of agreements between holders of an exploration licence and landowners.

Ensuring fairness between generations

"Our natural resources as a whole belong to all Quebecers, including the youngest and those not yet born. It is fair for all generations to derive benefit from the development of our non-renewable resources," the Minister said. "Once fiscal balance has been restored, we will deposit each year 25% of all mining, oil and gas royalties above the \$200-million ceiling in the Generations Fund."

Promoting the forest sector

Renewal of the Silvicultural Investment Program for another year and new measures for seedling production means that additional investments of almost \$45 million will be made in Québec's forests until the new forest regime comes into effect in 2013.

The Minister also announced the creation of a working group mandated to propose strategies for increasing the use of wood in non-residential construction in Québec.

The committee will be composed of representatives from the government, academia and the construction industry, and will be chaired by Léopold Beaulieu, CEO of Fondation, the CSN's development fund. It will submit a report to the Deputy Premier and Minister of Natural Resources and Wildlife by December.

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2011-2012 BUDGET PRESS RELEASE No. 5

2011-2012 BUDGET

A Plan for Our Young People

Québec, March 17, 2011 – “There is no doubt as to the connection between level of schooling, productivity and wealth creation. Improving education must be a constant concern of the government, from elementary school on to higher learning,” declared Minister of Finance Raymond Bachand today in tabling the 2011-2012 Budget.

He pointed out that Premier Charest, in his inaugural address, made education a top priority for Québec society. Therefore, the 2011-2012 Budget takes new action in that regard.

Giving our youth a better window on the world

“The elementary school experience is decisive in determining whether young Quebecers will stay in school. We must provide them with cutting-edge tools that reflect their life habits and hold their interest,” the Minister said.

He announced that, to that end, \$240 million would be invested as of the start of the 2011 school year to equip schools with new digital teaching tools, such as touch screens, educational software and laptop computers. He said that teachers will be trained so that they can take full advantage of the possibilities afforded by these tools.

The Minister went on to say that a working knowledge of English is essential. “Therefore, as of this year, we will invest amounts that will reach more than \$25 million a year in 2016-2017, in order to gradually add 400 hours of intensive English instruction in Grade 6. This measure means that students will spend half of Grade 6 in intensive English instruction.”

A sports culture

“Team sports develop qualities that are useful throughout life. They are a source of motivation and develop a sense of belonging at school. The government will allocate \$13 million over three years to a new program to support sports teams in Québec’s public secondary schools.”

An additional \$50 million will also be allocated to the sports infrastructure support program, which funds, for example, projects to build or upgrade soccer fields, sports

centres and pools. This funding will make it possible to set up sports and recreational facilities in Québec municipalities.

"Education is not subordinate to the economy. It is justified in and of itself by the human development it enables one and all to achieve. Our true wealth lies in the heads of our youth, in their desire to learn and in our determination to give them an education commensurate with their immense potential," the Minister concluded.

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2011-2012 BUDGET PRESS RELEASE No. 6

2011-2012 BUDGET

A Fair and Balanced Plan for Funding Our Universities

Québec, March 17, 2011 – “Engines of the knowledge economy and breeding grounds for skilled labour, Québec universities must have the financial resources necessary to ensure the quality of teaching and research and be among the best in the world,” declared Minister of Finance Raymond Bachand today in tabling the 2011-2012 Budget.

To achieve this ambitious objective, the government is implementing a six-year structured, predictable financial framework, the Québec University Funding Plan. Over half of the plan's additional revenue will come from the government, and students will be asked to pay their fair share.

Giving our universities the means to achieve excellence

“Thanks to this plan, Québec universities will have access annually to additional revenues that will reach \$850 million in 2016-2017,” the Minister said. First, their budget will be increased by \$320 million to maintain real funding per student, that is, to take into account inflation and changes in the student population; \$530 million will be added to fund the excellence of our universities. They will thus see their teaching and research budget gradually increase by a total of almost 25% over the next six years.”

This plan will make it possible to achieve four objectives: meet the funding needs of universities, fairly apportion the contribution among each partner, ensure university remains accessible to low-income Québec students and conclude partnership agreements with the universities to ensure the new financial resources are used properly.

Ensuring students pay their fair share

The Minister emphasized that students are being asked to pay their fair share of the funding plan. He explained that up to the mid-1960s, students' tuition fees represented 26% of the total revenue of Québec universities. In 2008-2009, they represented half that, namely, 13%.

"The tuition fees payable by Québec students were frozen for 33 of the last 43 years. They will be raised gradually to the level they would have been at today had they been indexed at the rate of inflation since 1968," the Minister declared.

The Minister announced that, as of fall 2012 and for each of the following four years, annual tuition fees will be raised by \$325. After these adjustments, in 2017, tuition fees in Québec will be \$3 793 a year, or more than 30% lower than the 2010 average in the rest of Canada. Ultimately, students will still cover less than 17% of the cost of their studies."

Keeping education accessible

The least-well-off students will be fully compensated for the tuition fee increases by additional bursaries. Ultimately, \$118 million, or over one third of the revenue from the tuition fee increase, will be returned to students, essentially in the form of bursaries.

Moreover, students' parents and spouses will see a reduction in their contribution requirement under the Loans and Bursaries Program. "This measure addresses a longstanding request of students," the Minister said.

Encouraging individuals and businesses to contribute

The Minister also stressed the importance of creating conditions that will encourage the private sector and Quebecers as a whole to invest more in our universities. To that end, he announced the creation of Placements Universités, a government initiative that will further stimulate growth in private donations to universities.

"The objective is to increase private donations to universities by 50%, in order to bring them up to \$165 million in 2016-2017. Henceforward, the government will pay universities a matching grant of up to 100% of the rate of increase in donations, according to university size and performance, and it will raise the global ceiling on this assistance, currently at \$10 million, to \$40 million a year," the Minister explained.

Improving university performance

Québec universities will benefit from a substantial increase in their revenue by 2016-2017. Partnership agreements between the government and universities will ensure that the additional revenues translate into improved performance.

Part of the sums allocated to the Québec University Funding Plan will be managed under a budgetary fund created for this purpose, the Fonds pour l'excellence et la performance universitaires.

Global objective: improve university education for Quebecers

"Thanks to the Québec University Funding Plan, universities will be sure to have the means they need to improve the quality of the teaching offered to students. The government is convinced that this plan will have a positive impact on the higher education of Quebecers," concluded the Minister.

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2011-2012 BUDGET
PRESS RELEASE No. 7

2011-2012 BUDGET

**A Plan to Secure Adequate Retirement Income and Capitalize
on the Skills of Our Experienced Workers**

Québec, March 17, 2011 – “Québec workers are entitled to a well-deserved retirement. The government has two concerns in this regard: the long-term viability of the Québec Pension Plan and the necessity, for Quebecers, to have adequate income,” the Minister of Finance, Raymond Bachand, said in tabling the 2011-2012 Budget.

Long-term funding of the Québec Pension Plan

“Retirement plans everywhere are under financial strain. Several countries, particularly in Europe, have raised the minimum retirement age in response to this situation. We have not reached that point yet in Québec, but we must intervene to ensure the sustainability of the QPP, our major collective plan,” the Minister said.

“Out of a concern for intergenerational fairness, contribution increases are necessary to guarantee the long-term funding of the Québec Pension Plan. The increases will make it possible to maintain the standard of living of future retirees and limit the impact of population aging on future generations,” he added.

Accordingly, he announced that the contribution rate to the Québec Pension Plan will rise by 0.15 percentage point per year for six years beginning January 1, 2012.

For an employee earning employment income of \$40 000 per year, this increase will represent an additional contribution of roughly \$0.50 per week in 2012. These contribution increases may be adjusted downward if the next actuarial valuations show that the plan's funding level has improved.

Furthermore, to secure the plan's long-term stability, the government will introduce an automatic contribution rate adjustment mechanism as of 2018.

Retirement age also has a decisive influence on the costs of the plan. Workers can choose to receive benefits starting at age 60, or delay receiving them until age 70. These choices result respectively in a reduction and an increase in the monthly pension.

Accordingly, to encourage experienced workers to remain on the labour market, the Minister announced that as of January 1, 2013, the monthly increase in pensions applied for after age 65 will rise from 0.5% to 0.7%. In the same spirit, as of January 1, 2014, the monthly reduction in Québec Pension Plan benefits applied for before age 65 will gradually rise from 0.5% to 0.6% over three years. This adjustment will be proportional to the amount of the pension to protect lower-income workers.

As a result of these last changes, the adjustment factors will be similar to those that apply under the Canada Pension Plan.

A pension plan for every Quebecer

"Quebecers want to maintain their standard of living at retirement. To do so, they must save more. This budget offers them a new retirement savings tool, the voluntary retirement savings plan, which will help achieve this objective.

Many Quebecers do not have supplemental pension plans and can count only on the public plans and their personal savings. The government is undertaking to make the necessary legislative and regulatory adjustments to allow the development of new plans.

These plans, which the federal government calls pooled registered pension plans, or PRPPs, will be managed by financial institutions such as insurance companies. They will be accessible to all and portable when changing jobs. Every employer will be required to offer the plan, but will not have to contribute to it. Employees will be enrolled in the plan automatically, but will have the option of withdrawing voluntarily. Every Quebecer who has earned income, including self-employed workers, will then have access to an individual retirement savings plan, managed collectively and at relatively low cost.

"The Québec government will continue to work with the federal government and the other provinces to develop a harmonized legislative framework. These provisions will facilitate the development of large-scale plans, in order to reduce management expenses. The harmonized framework will also facilitate labour mobility," Minister Bachand specified.

Capitalizing on the skills of experienced workers

Over the coming years, 740 000 positions will become vacant in Québec. Most of these positions will be freed by Quebecers who decide to retire.

To encourage experienced workers to remain on the job, the Minister announced the gradual implementation of a tax credit for workers age 65 or over, beginning January 1, 2012. This new tax benefit is further to the Premier's undertaking in his inaugural address.

This credit will apply to the portion of earned income between \$5 000 and \$15 000 per year. It will benefit more than 100 000 workers. When fully implemented, it will cost the government \$120 million. That represents a tax reduction of up to \$1 504 when fully implemented. For a person earning \$15 an hour, that represents a net hourly gain of \$2.25.

"The experience and skills of the workers covered by this measure will make a notable contribution to economic growth over the coming years," the Minister concluded.

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2011-2012 BUDGET PRESS RELEASE No. 8

2011-2012 BUDGET

A Plan to Position Québec in the New Global Economy

Québec, March 17, 2011 – “Changes in the global economy represent challenges and, especially, new opportunities. We owe it to Quebecers, both today and in the future, to act now to seize these opportunities to create wealth and position Québec squarely in the new global economy,” the Minister of Finance, Raymond Bachand, said today at the tabling of the 2011-2012 Budget.

He stressed the importance of supporting exports, stimulating entrepreneurship and business succession and intensifying the presence of digital technologies in the economy.

Develop and diversify export markets

“Exports represent over 40% of our GDP, making them one of the main drivers of our economy,” the Minister said at the outset. “Québec must strive to take advantage of the opportunities in emerging economies, particularly Brazil, Russia, India and China. That is why I am announcing the creation of Exportation Québec and the Export Program.”

Exportation Québec will be the single gateway to the services for Québec exporters offered by the Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE). It will be mandated to facilitate access to government assistance measures, create business opportunities and increase Québec's presence at trade events.

The Export Program will combine and double the export assistance currently offered by the MDEIE to offer exporting companies a more flexible and efficient tool.

The Minister also announced that the government would open a Québec office in Russia and bolster Québec's representation in Brazil, India and China.

Encourage entrepreneurship and business succession

Minister Bachand also noted that Québec's economic performance relies in large part on the vibrancy of entrepreneurship and succession. He stressed the importance of fostering creativity, leadership and a flair for risk-taking so that more Quebecers take the plunge and go into business. To that effect, he announced a number of measures to foster entrepreneurship and business succession.

First of all, the government will set up the Capital Anges Québec fund. "Angel investors are key players in the seeding and startup of businesses. They come in very early on, before venture capital specialists. They detect promising projects and contribute to their success not just by investing their funds, but also by mentoring young entrepreneurs," he explained.

"At the other end of a business's life cycle is the issue of succession," the Minister continued. "Almost 55 000 entrepreneurs are expected to retire by 2018. Support must be given to young people willing and able to take over from them. That is why we are creating the Relève Québec Fund. It will offer will offer loans at attractive conditions to Québec entrepreneurs who succeed business owners in a business transfer, in order to finance part of their initial investment."

My colleague, the Minister of Economic Development, Innovation and Export Trade, will soon unveil the entrepreneurship strategy for which he has held consultations throughout Québec over the last few months.

Pursuing Québec's digital shift

New technologies, such as information technologies, are a decisive factor in boosting productivity. The government will allocate \$900 million over ten years to implement a digital economy strategy in every region and will increase the capacity of the existing infrastructure, while expanding the network.

The Chair of the Conseil du trésor will spell out the details of the digital economy strategy at a later date.

Consolidating Montréal's role in financial derivatives

"The Montréal Exchange makes a significant contribution to the vitality of Québec's financial sector," the Minister said. It has become a leader in the derivatives market. To consolidate Montréal's advantageous place in the derivatives market, we will create, under the leadership of HEC Montréal and in collaboration with Finance Montréal, the Autorité des marchés financiers and the university community, the Institut de la finance structurée et des instruments dérivés de Montréal."

This institute will act as a training centre and university research centre in the field of structured derivatives. It will also contribute to Montréal's reputation as a financial centre. It will receive funding of \$15 million over ten years, including \$5 million from the Autorité des marchés financiers.

Choosing sustainable development

The Minister noted that the government's ambition was a 20% reduction in Québec's greenhouse gas emissions by 2020 compared with their 1990 level, the most ambitious objective in North America. This vision will play out in the development of green technologies, the export of clean energy, the responsible development of natural resources and the reduction of Québec's oil dependency.

Accordingly, the Minister announced a number of measures to accelerate the arrival of electric vehicles through the implementation of a rebate program for the purchase or lease of a green vehicle and the purchase of home charging stations. The government will also develop the Route verte and foster the development of second-generation ethanol fuel using household and industrial residual materials.

"Quebecers themselves will be the artisans of Québec's success. Our population is educated and skilled. It is creative and innovative. Our economic growth and human fulfilment depend on those qualities," the Minister concluded.

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2011-2012 BUDGET PRESS RELEASE No. 9

2011-2012 BUDGET

A Plan to Consolidate Our Solidarity Tools

Québec, March 17, 2011 – “Québec is a society in which human values are important. We never stop trying to improve the quality of life of Quebecers, particularly that of families and seniors, and fight poverty for everyone's benefit. Despite the current budgetary difficulties, it is important to continue our efforts. We do so within our means,” Minister of Finance Raymond Bachand said in tabling the 2011-2012 Budget.

Enhancing the Québec family policy

“In the early 1960s, the Québec government paid allowances for the first time to Québec parents. Since then, the government has gradually developed a series of measures making Québec a family policy leader in North America. Today, we invest considerable sums to support families. We allocated \$6.7 billion in family support during the fiscal year drawing to a close. That is 63% more than in 2003. It is unique in Canada,” the Minister observed.

As of 2012-2013, the government will gradually create 15 000 new reduced-contribution daycare spaces. They will be fully in place by 2015-2016, ultimately raising the number of reduced-contribution spaces to 235 000. These investments will be in addition to other funding increases announced, including for family community organizations and community daycare centres.

Ensuring stable funding for health

“In the 2010-2011 Budget, we undertook to ensure stable funding for the health-care system in return for performance initiatives from the network, because there is always room for improvement,” the Minister pointed out. “The implementation of the health contribution, the revenues from which are deposited in the Fund to Finance Health and Social Services Institutions, supports actions that improve access to surgery, hospital performance and the deployment of family medicine groups.”

“Health care is still a priority for Quebecers. Thanks to the health contribution, among other measures, health funding could rise from \$32 billion to \$41 billion over five years, a 5% increase per year,” the Minister said.

Meeting the local needs of seniors

"We have a duty of respect toward our seniors," the Minister noted. "We listen to their needs. Society's burgeoning seniors population requires adaptations. Since the 2007-2008 Budget, the government has invested a total of \$2.2 billion to increase the disposable income of seniors, enable them to stay in their home and better support their informal caregivers. We must adapt our action so that a longer life also means a good and fulfilling one."

One of the new budget measures will broaden the refundable tax credit for informal caregivers to include caregivers of a spouse 70 or over with a physical or mental impairment, as well as caregivers who live in the care recipient's home.

The Minister also announced additional funding for some measures. For example, the amount allocated to the Age-Friendly Municipalities program, which provides financial assistance for the implementation of urban infrastructure or development projects meeting the needs of seniors, will be doubled for the next five years.

In addition, an extra \$2.1 million will be allocated to information hubs for seniors from 2011-2012 à 2013-2014. To support the network of community organizations that work to bring the generations closer together, known as "maisons des grands-parents," additional funding of \$300 000 a year for three years will be allocated to the Ministère de la Famille et des Aînés. As well, the maximum deduction granted to low-income seniors admitted to a residential and long-term care centre (CHSLD) to help them defray transitional housing costs will be doubled from \$325 to \$650 dollars per month.

Continuing the fight against poverty

"Since 2003, the government has announced the construction of 17 000 social, community and affordable housing units, raising their number to 30 000," the Finance Minister underlined. "We have announced investments totalling more than \$1.7 billion. But we do not intend to stop there. The 2011-2012 Budget provides for the construction of 2 000 additional social and community housing units. Furthermore, the Société d'habitation du Québec will examine new approaches for improving the funding of community housing."

The Minister also announced improvements to the Shelter Allowance Program, which provides financial assistance to low-income families with children and people 55 or over with low incomes who allocate too large a part of their budget to paying rent. As of October 1, 2011, the eligibility age for the program will be lowered from 55 to 50 over five years for single people and couples without children.

Furthermore, an additional \$4 million a year is being allocated to social economy businesses that provide domestic assistance services to 50 000 Quebecers.

All told, the 2011-2012 Budget provides for the injection of nearly \$80 million more to combat poverty.

"All of the measures announced today will help strengthen the support provided to our families and seniors in keeping with our values," the Minister concluded.

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2011-2012 BUDGET PRESS RELEASE No. 10

2011-2012 BUDGET

A Plan to Celebrate Québec Culture

Québec, March 17, 2011 – “Our culture has made a name for itself in the past 50 years. It is being brought to a world audience,” Minister of Finance Raymond Bachand said in tabling the 2011-2012 Budget.

The government is proud of that achievement and is going to continue to support Québec artists on the world stage. To that end, it will set up the Capital Culture Québec fund, through SODEC and in partnership with the Fonds de solidarité FTQ. It will be a venture capital fund of \$100 million for international cultural projects. The fund will invest in the projects of Québec cultural businesses seeking to develop international markets. The investments will be made with an eye to profitability. SODEC will be the government’s mandatary.

In addition, the government is granting \$3 million more over three years for the Conseil des arts et des lettres du Québec in order to support arts and letters diffusion outside Québec.

“Culture is an area in which digital technology is becoming a must. The cultural sector must embrace this change. To that end, we will allocate \$2.4 million over three years to support the digitization of independent movie theatres with 10 screens or less, in small localities,” the Minister said. The government is also allocating a total of \$6.6 million over three years to support the digital shift in the music and variety sectors, as well as arts and letters and book publishing, and to support the Institut national de l’image et du son.

“To support the cultural industry and its creators, the Minister of Culture, Communications and the Status of Women has mandated SODEC and the Conseil des arts et des lettres du Québec to develop proposals concerning the impact of digital technologies on arts and letters. The final report is expected in 2011.”

To support museums, the government will pay an additional contribution of \$6.4 million to the Montreal Museum of Fine Arts in order to complete construction on a new pavilion to house Canadian art, to be called the Claire and Marc Bourgie Pavilion, in recognition of their family's very generous contribution to its funding.

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